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## Innovative service provision for the elderly

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## Innovative Service Provision for the Elderly: A European Perspective

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Abstract

This paper enumerates and explains the major frictions that the twelve countries of the European Community face with regard to elderly care. The impact these frictions may have are briefly sketched as well as the type of innovations prompted, in part, by these frictions. Von Hippel's view on the emergence of innovation (1988) is being used to point out how Schumpeter's notion of "creative destruction" can potentially enrich the European domain of public services planning for the future aged.

## 1. Towards An Ageing European Society

Recent years have shown a world-wide rapidly increasing interest in socio-economic demography. Especially the drastically changing age structure of the industrialized world has become a focal point of policy and scientific attention. For instance, the share of the elderly (i.e., the number of people aged 65 years and over) in the EC countries is expected to rise from 9.3% in 1950 to 23.1% in the year 2040. Various cross-national comparative studies have been undertaken on the backgrounds and implications of the increase in life expectancy rates, e.g. those by the Organisation for Economic Cooperation and Development (see OECD, 1988), the European Foundation for the Improvement of Living and Working Conditions (1987), and the Commission of the European Communities (see Nijkamp et al. 1990, and Wilderom et al, 1991).

All these studies call attention for the double ageing process, i.e., the increasing share of the elderly cohort in the total population and the increasing age of people within the elderly cohort. Thus the average age within society as a whole as well as the elderly as a segment in society is rising. Although fertility rates have declined in many Western countries, this process does not necessarily imply that all these countries will be facing a negative population growth or even declining population, as the demographic development is also influenced by migration movements (a situation which, given the currently tumultuous situation of Eastern Europe and Europe 1992, will be difficult to predict). The statistical evidence is not unambiguous here, although main trends are clear.

Table 1. Total Population, Population Projections

| Country | Population 1987 (1000) | Population projection (1000) 2000 | 2010 | Population change (%) 1987-2010 |
|---|---|---|---|---|
| B | 9870 | 9700 | 9400 | -4.4 |
| DN | 5127 | 5200 | 5100 | -1.0 |
| WG | 61199 | 61000 | 58600 | -4.3 |
| GR | 9990 | 10100 | 10600 | 5.7 |
| E | 38832 | 40700 | 41200 | 5.7 |
| F | 55630 | 57900 | 58800 | 5.6 |
| IR | 3543 | 3500 | 3400 | -3.6 |
| IT | 57345 | 57600 | 56400 | -1.6 |
| L | 372 | 378 | 377 | 1.3 |
| NL | 14665 | 15700 | 16100 | 9.8 |
| P | 10250 | 11100 | 11150 | 8.7 |
| UK | 56930 | 58900 | 59400 | 4.3 |
| EC12 | 323753 | 332000 | 331000 | 2.0 |
| USSR | 283000 | 314500 | 337000 | 19.1 |
| USA | 244000 | 268000 | 286000 | 17.3 |
| Japan | 122000 | 130000 | 133000 | 9.1 |
| World | 5024000 | 6122000 | 6989000 | 39.1 |

Source: Eurostat, Demographic Statistics, 1989

Table 1 shows that, although individual countries in Europe may face a population decline (e.g., Belgium, West Germany, Ireland), Europe of the Twelve (EC12) will still show a slight population growth, albeit much lower than other countries (like the USSR, the USA or Japan) or the world as a whole. As a consequence, the share of the EC12 in the total world population is expected to decline from 6.4% in 1987 to 4.7% in the year 2010.

**Table 2. Age Structure of OECD Populations**

| | | Per Cent | | |
|---|---|---|---|---|
| | | 0-14 | 15-64 | 65+ |
| EC12 | 1950 | 24.7 | 66.0 | 9.3 |
| | 1980 | 21.8 | 64.5 | 13.7 |
| | 2010 | 16.7 | 66.7 | 16.6 |
| | 2040 | 17.2 | 59.7 | 23.1 |
| | 2050 | 17.9 | 60.2 | 21.9 |
| Japan | 1950 | 35.3 | 59.5 | 5.2 |
| | 1980 | 23.5 | 67.4 | 9.1 |
| | 2010 | 18.3 | 63.0 | 18.6 |
| | 2040 | 17.4 | 60.0 | 22.7 |
| | 2050 | 17.3 | 60.4 | 22.3 |
| USA | 1950 | 26.9 | 64.9 | 8.1 |
| | 1980 | 22.5 | 66.2 | 11.3 |
| | 2010 | 19.3 | 67.9 | 12.8 |
| | 2040 | 18.9 | 61.3 | 19.8 |
| | 2050 | 19.2 | 61.5 | 19.3 |

**Source: OECD, Ageing Populations, 1988**

Table 2 provides insight into the estimated population composition of the EC12 compared to Japan and the USA. The double ageing process of the West can be clearly identified herein. Additionally, we like to make mention of the fact that the share of women in the elderly cohort is significantly increasing. Hence, especially the old age cohort will become a 'female society'.

The above mentioned drastic changes have far reaching socio-economic consequences, notably regarding the social security system, pension schemes, medical and social care, and in general the services planning for the elderly (e.g., intramural vs. extramural care). Although the hypothesis that a greying society will face unsurmountable financial-economic burdens seem to be questionable (see Klaassen and Van der Vlist, 1990), a serious gap between demand and supply of tailor-made services for the elderly is emerging in the next decades (Fogarty, 1986). Many countries are nowadays already coping with rapidly rising claims on care for the elderly, in an era where public funds for such service have been cut. This situation does not only have serious repercussions for macro-financial policies for the elderly care, but also for local provision of such services (see

Rosenberg and Moore, 1990). Thus there is clearly a need for innovative new policies which ensure at least a minimum level of service but which, at the same time, are compatible with shrinking financial budgets.

This collective need or challenge of the current Western world to enable good care for its increasing elderly cohort and, simultaneously, cut the extensive public provision of their welfare states, will be dealt with in this paper. In particular, we will investigate how a Schumpeterian type of 'depression trigger' strategy (i.e., increasing frictions call for 'creative solutions') is applicable to the service sector for the European elderly. We will illustrate our analysis by means of empirical examples from various EC countries. (Nijkamp et al., 1990). Before we summarize existing 'creative solutions' in the domain of elderly care in Europe we first review various 'frictions' in the (planning of) services provision for the aged (see also OECD, 1988)

## 2. Frictions Inherent in an Ageing Society

The described drastic demographic shifts will significantly change the composition and functioning of the labour market (including career patterns and productivity) and the social expenditure system (for instance, for education, family benefits, health care, unemployment allowances and pensions). Countries with the highest (projected) rates of expenditure growth are also those where both the total population and the elderly population are expanding rapidly. Not only the size but also the structure of social expenditure by age groups will be affected: the ageing of population implies a substantial reallocation of expenditure from social programmes serving the young to those serving the elderly (cf. ILO, 1989). The demand for pensions, health and other services for the elderly will increase, while educational expenditures and other services for the young are expected to decrease (for some illustrative figures, see Table 3).

**Table 3. Trends in the Age Structure of the Elderly Population, % of population 65+ aged**

| | 65-69 | | | 70-79 | | | 80+ | | |
|---|---|---|---|---|---|---|---|---|---|
| | 1980 | 2010 | 2040 | 1980 | 2010 | 2040 | 1980 | 2010 | 2040 |
| B | 31.7 | 31.5 | 27.2 | 49.3 | 47.0 | 48.9 | 18.9 | 21.3 | 23.9 |
| DN | 33.1 | 36.4 | 27.8 | 47.3 | 42.8 | 48.6 | 19.5 | 20.7 | 23.7 |
| WG | 33.0 | 29.8 | 22.0 | 50.2 | 49.1 | 51.7 | 16.7 | 21.0 | 26.3 |
| GR | 34.5 | 29.6 | 29.4 | 47.9 | 50.3 | 48.3 | 17.4 | 20.0 | 22.2 |
| E | 34.7 | 28.5 | 29.6 | 49.2 | 46.4 | 46.9 | 16.0 | 25.0 | 23.5 |
| F | 30.7 | 27.3 | 25.3 | 48.8 | 44.0 | 44.3 | 20.4 | 28.6 | 30.4 |
| IR | 36.6 | 32.2 | 32.1 | 46.3 | 43.0 | 46.6 | 16.9 | 24.7 | 21.3 |
| IT | 35.3 | 29.0 | 29.3 | 48.0 | 48.4 | 48.0 | 16.6 | 22.4 | 22.7 |
| L | 34.4 | 28.7 | 24.4 | 49.6 | 45.0 | 46.3 | 15.9 | 26.2 | 29.3 |
| NL | 33.2 | 34.5 | 25.6 | 47.2 | 43.5 | 47.6 | 19.5 | 21.9 | 26.7 |
| UK | 33.9 | 33.0 | 25.4 | 48.2 | 44.4 | 49.7 | 17.8 | 22.5 | 24.8 |

**Source: OECD, Ageing Populations, 1988**

Financing the specialized services for the aged in the future may become problematic, as the working population normally has to pay the social security contributions and taxes for social welfare programmes. Thus the increase in the elderly-dependency ratio and in social expenditures for the elderly will lead to a significant rise in the financial burden for the working population. It is expected that in the year 2040 the general dependency ratio (the share of population 0-14 plus that of the population of 65+ compared to the population between 15-64) in most EC countries will be around 69%. The aim of ensuring a sufficient and satisfactory level of services for the elderly may then necessitate the provision of new type of services (e.g., informal, self, and preventive care), which require a fine tuning with respect to the existing needs and system of service provision in place.

It is worth noting here that a so-called system of services for the elderly does not only consist of 'hard ware' services (e.g. technical, medical or 'having' facilities) but also of 'soft ware' services (e.g. information provision, social care) and of 'org ware' services (e.g., institutionalized networks for care services, interest

groups and specialized organisations for the elderly). A drastic change in the system of services requires in general a re-orientation of all such services and service networks, including a substitution between two types of formal services, viz. intramural services (conventional residential services such as old age homes, service flats, sheltered housing, nursing homes, rehabilitation homes) and extramural services (conventional community services such as district nursing, home help services, meal distribution, social work). Furthermore, there may be a shift toward informal services (such as selfcare, social care by relatives or friends, care by other elderly, and care by volunteers). And, finally, new types of services may be considered, such as sitting services, alarm systems, video care, family placement, etc.

It is foreseeable that at present the current financial and socio-economic constraints in an ageing society leads to various frictions in care systems for the elderly. A survey of various financial and non-financial frictions in the care for the elderly in the EC12 can be found in Rosdorff (1990). These findings, based on data gathered in the context of a European-wide investigation by Nijkamp et al. (1990), are briefly summarized in Table 4.

In most countries (e.g., Belgium, France, Greece, Ireland, Italy, the Netherlands and the UK), public expenditures (and their allocation between local and central funds) appears to be a strictly constraining factor for the elderly care. The general lessons, based again on the mentioned survey and illustrated by table 4, can be summarized as follows:

- The general perception of high costs of services for the elderly are among others a consequence of the financial restrictions (limited public resources), inefficiency of services (through bureaucratization) and/or physical distance of services with respect to clients.
- The insufficient supply of conventional services is not only due to increasing demand, but also due to more sophisticated needs of the current generations of elderly, to governmental budget constraints and to the relative high costs of specialized services for the aged.

Table 4: Current frictions in the care of the elderly in the EC12

| | |
|---|---|
| **A. Financing problems:** | |
| Budget restrictions | B, F, GR, IR, IT, NL, UK |
| High costs | B, IT, DN, GR, P |
| Different costs for the same services | B |
| Austerity policy of the government | F |
| Unclarity on financial responsibility: central or local | UK |
| **B. Supply problems:** | |
| Insufficient supply | B, E, F, IR, IT, L, NL, P |
| Unequal distribution of services | GR, E, UK, F, IT, P |
| Misallocation of elderly to services | B, F |
| Fragmentation of service types | WG |
| Decreasing size of informal networks | P |
| **C. Organizational problems:** | |
| Lack of policy coordination | E, L, P |
| Lack of coordination between services | B, NL |
| Little dissemination of new initiatives due to lack of connection between formal and informal sector | F, IR |
| De-institutionalization of the service sector | WG |
| Inflexibility of service organizations | IT |
| Bureaucratisation of services | IT |
| **D. Professional problems:** | |
| Lack of well trained personnel | B, DN, F, WG, L, IT, NL, P |
| Lack of training and education | F, IT |
| Rigid professional norms | DN |
| Shortage of volunteers | F |
| Absence of aid to the informal carer | F, UK |
| Absence of an integrated continuous approach to care | IR |
| State of emergency in nursing services | WG |
| Shortage of conscientious objectors for elderly care | WG |
| **E. Client demand problems:** | |
| Lack of information on existing services | E, IT, L, UK |
| Low useage of services | E, GR |
| Lack of positive encouragement to use services | UK |
| Difficult access to social services | IT |
| Individualization of the society | NL |
| Selection problems | B |
| Low disposible income of the elderly | P |
| Little research on the elderly that is useful to them | L |

- The number of innovations is limited by a lack of public funds and by a lack of coordination, in some countries especially lacking in the rural regions.
- Misallocation and neglect of elderly people is particularly caused by the different finance systems in the provision of elderly care and insufficient integration of and coordination between services.
- A proper division of finances is hampered by lack of coordination.
- The lack of specialized personnel for providing specialized services to the aged in most countries is related to their low wages and a lack of specialized education and training, among others.
- The decreasing importance of the informal network and unequal distribution of services is partly due to the high migration rates of young people.
- A high level of informal care does not stimulate the development of formal care.
- The lack of information exchange and research development of service provisions for the aged is a consequence of the great variability of services, decentralization of the supply of services and the very limited tradition in being "client-oriented" in care for the aged.
- The problematic accessibility of services for the elderly is also caused by bureaucratization of services and insufficient information diffusion on existing services.

From the above description of bottlenecks in the service provision for the European elderly it becomes clear that there is a need for new initiatives. Which innovative policies may be envisaged and, besides existing frictions, which are their driving forces? This will be the subject of the next section.

## 3. Innovative Policies for the Elderly

The general hypothesis put forward here is that the recognition of the elderly problem and the degree of public response vis-à-vis the elderly cohort is critically dependent on the intensity of their

problems. This implies that the policy interest follows a product life cycle pattern, star-ting from public awareness and recognition, moving to information gathering and policy proposals, leading to policy implementation and client acceptance, and ending up with enforcement and maintenance (see also Nijkamp and Vollering, 1991). Implementation of new policies requires in general financial, managerial/organisational and institutional innovations (e.g., de-regulation, de-centralisation, market orientation), generating structural changes similar to those in usual business practice, where entrepreneurship means adjustment and survival through innovative responses based on new configurations and 'creative destruction' (à la Schumpeter).

According to Kotler (1982) and Rogers (1983) an innovation may be regarded as any new good, service or idea that is introduced and accepted to cope with emerging challenges. Thus also organizational and social adjustments are included in this definition, and hence new service provision schemes for the elderly which are designed and implemented to cope with the frictions of a drastically different ageing society may be regarded as innovations (see also Figure 1). To a large extent we may interpret these innovations as demand driven, as according to Von Hippel (1988) innovations are developed and supported by those who expect to be most favoured by these innovations. Consequently, bottom-up strategies (e.g., informal care systems, self-organisation) may be seen as logical responses to the external constraints.

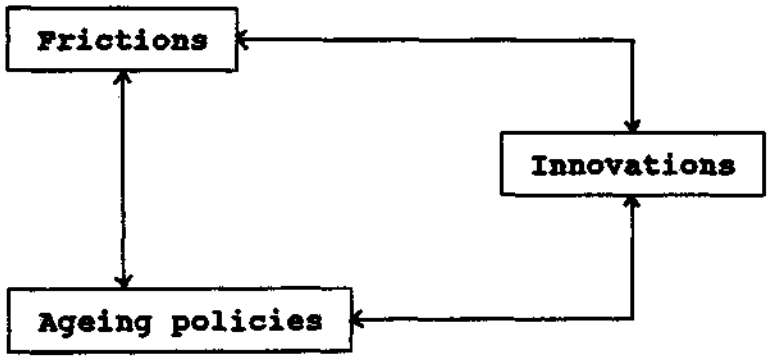


**Fig.1 The relations between frictions, policies and innovations**

It is noteworthy that, innovations in systems of elderly care do not mainly refer to technological solutions ('hard ware'), but rather to behavioural and organisational solutions ('soft ware' and 'org ware'). Such innovations can also be induced by public policy stimuli, e.g., tightening financial constraints accompanied by de-regulation and de-centralization.

In evaluating innovations in a cross-national setting we have to realize the differences among countries. Certain new initiatives or policies which were as yet unknown in some countries, and hence may be regarded as innovations, are already common in other countries. Thus innovation is a context-specific phenomenon in the area of elderly care in Europe.

In so far as information is available from the above mentioned EC survey, it is possible to provide a typology of different types of new initiatives: Intramural care, Extramural care, Informal care, Information service and Coordination. The emphasis on each of these types of initiatives differs in EC countries; Table 5 provides an overview of these differences.

Table 5: Innovations in service provision

| | |
|---|---|
| **INTRAMURAL:** | |
| Improvements of housing conditions | GR, NL |
| Sheltered housing | E, IR |
| New forms of (semi) residential services | DN, E, NL |
| Living communities for the elderly | WG |
| Community lodgings | IR, IT |
| Depandances of nursing homes | NL |
| Short-stay in old age homes | B |
| Transformed hotels, etc. | F |
| Collective housing | F |
| District psychiatry | DN |
| **EXTRAMURAL:** | |
| Service buses | IR, NL |
| Meals on wheels | L |
| Sitting services | B, UK |
| Display of technical divices | L |
| Day centres | F, L, P |
| Day centres in hospitals and old age homes | B |
| Social service centres | E |
| Mobile day hospital | IR |
| Day hospital | IR |
| Home-nursing | F, NL, UK |
| Open protection centres | GR |
| **INFORMAL:** | |
| Family placement | WG, GR, IR, IT, UK |
| Social commissions | WG |
| Support groups for carers | B, NL, UK |
| **INFORMATION:** | |
| "Senior Service" | B |
| Nursing courses | B |
| Old age tourism | E |
| **COORDINATION:** | |
| Alarm systems | B, E, F, L, NL, UK |
| Demonstration projects | NL |
| Cooperation-initiatives | B |
| Integrated elderly care | B |
| Coordinators | F |

The general conclusion can be drawn that many innovative residential and community service provisions are a result of the high financial burden of these services and of the concurrent wish to maintain elderly as selfsufficient as possible in their own environment as long as possible (see Rosdorff, 1990). For instance, in Italy the main reason for the policy of 'elderly in the family' is to shelter the elderly by relatives or neighbours (rather than asking institutionalisation), thereby saving on costs otherwise to be made in residential institutions. Also surveys in Ireland found that the costs of maintaining an elderly person in a welfare home was nearly three times as high as the costs of boarding out placement. It is also noteworthy that in some countries (e.g., Portugal) the low level of service provision is an important reason for innovative initiatives. In conclusion, there appears to be a wide spectrum of backgrounds and appearances of innovative behaviour in the provision of services to the elderly in Europe. Most of such innovative responses do not come about automatically, but are a result of stimuli from the outside. As indicated above, one such stimulus is the increasing tendency for decentralisation and de-regulation which has triggered off various institutional changes. This will be discussed in the next section.

## 4. Institutional Changes: Innovations And Policy

Various cross-national comparative studies (see e.g., Nijkamp et al., 1990) have shown considerable institutional changes in services for the elderly in the EC as a response to demographic developments (the 'ageing society') accompanied by various, mostly financial, frictions. For instance, most countries in the EC are facing a trend of de-institutionalization (e.g., The Netherlands, West-Germany and Ireland) and decentralization (e.g., Italy, West-Germany, France, Greece, Spain and the UK). In some countries, we observe a tendency towards central planning of elderly services, implemented by national governments becoming more aware of the rapidly changing demographic situation (e.g., in Luxembourg and Portugal). In other countries a clear division of the housing and service functions - among others to reduce the cost of services (e.g., Denmark) - can be noticed.

Facing the current gaps between supply of and demand for services for the elderly in the EC, the central public policy problem concerns the closing of these gaps in the care service provision. National governments are often the major factor behind the emergence of institutional changes or innovations, given their (financial) possibilities to increase the innovative potential to respond to existing problems. However, currently a public stimulation of privatization or combined private-public initiatives occurs in the EC as a result the tightness of public, budgets.

As suggested above, the institutional changes are mainly triggered by governments. The main problem in the provision of services for the elderly of most EC countries is formed by the financial limits of governments (e.g., in Belgium, France, Greece, Ireland, Italy, The Netherlands and the UK) and the existing high costs of services for the elderly (e.g., in Belgium, Denmark, Greece, Italy, Portugal and The Netherlands). As a consequence, many innovative residential and community services aim to maintain the elderly in their own environment as long as possible and to cut the high costs of traditional services for the aged. Therefore, it is clear that - besides a social motive - the general guiding policy to enable the elderly to stay as long as possible in their own home is imposed by financial restrictions of the governments.

The need for cost reduction in the provision of services has generated the above mentioned subdivision of housing and service functions (e.g., in the form of specialized housing). This also leads to more elderly living independently. Yet, the urgency to reduce costs but at the same time to meet the demand of the elderly to stay in their own home, requires more flexibility of services. Examples are present in both the extramural (e.g., home-nursing) and intramural services (e.g., sheltered housing). However, the extramural services like day centres in nursing or old age homes as well as district nursing are cheaper.

The separation of the above mentioned functions as well as the financial restrictions demand, in turn, the provision of sufficient community services. Besides, the increasing number of working women - and consequently of a decreasing informal network - induces the

emergence of new extramural services (e.g., in Denmark and Greece).

The informal network is also influenced by substitution measures (i.e., substitution of residential services by community services) and cost measures of several governments. In some countries (e.g., in Ireland and The Netherlands) the substitution effect, - i.e., the replacement of capacity of residential services by community services -, is pursued by government in order to obtain tailor-made services and to reduce expenses. In this context, substitution is closely related to the aims of de-institutionalization and of finding cheaper forms of elderly care.

In many countries (e.g., in Belgium, France, The Netherlands, Italy and the UK) the complexity and heterogeneity - in other words, separatism in the care system (e.g., different finance systems) - causes severe organizational problems, like bureaucratization of services (e.g., in Italy and West-Germany) and lack of coordination between services (e.g., in Belgium, France, Ireland and The Netherlands) resulting, for instance, in misallocation of clients and services themselves. However, projects to provide care at home, satisfying both medical and social needs, are being set up. These local initiatives aim to overcome the limited coordination between suppliers of services (accomodation, care and nursing) as well as the misallocation of clients, and to provide the right care in the right place for the elderly in need of such support (e.g., in Italy and The Netherlands). Integrated elderly care (e.g., by governmental stimulation and implementation) is becoming a major solution to create tailor-made innovations.

Examples of provisions to maintain the elderly as long as possible in their own environment are, for instance, improvements of housing conditions of the existing housing stock (e.g., in Denmark and The Netherlands) and the development of an advanced supply of community services (e.g., the open protection centres in Greece). Regarding the second option, the community services also contribute to decentralization of the decision power in elderly care. Hence, local authorities tend to identify and handle the problems of the elderly formostly.

More attention needs to be paid to the quality of education and professional training in the sector care for the elderly (e.g., in

Belgium, Denmark, Greece and Luxembourg). This is also related to the widespread shortages of personnel in EC service systems for the aged.

Finally the emancipation of the elderly (e.g., in Denmark and Greece) seems to become a new source of innovation (von Hippel, 1988). This source could, if tapped skillfully, replace the still prevailing "anti-ageing" ideology.

## 5. Country-Specific Innovations

Although still on a limited scale, the changing public interference in the EC countries is inducing innovative services in order to resolve the existing frictions in systems for elderly care. Various successful measures have been taken in the meantime, and some public interventions have failed. We will now discuss some successful institutional changes discussed in relation to various demographic and political trends in the EC countries. Different kinds of innovative residential and community services for the elderly in the EC can be distinguished. These innovations close more or less the gap between the supply of and demand for services for the aged. Some types of policy that close this gap will be discussed now in a concise way.

### 5.1 Housing

In some countries (e.g., in Denmark and France) the national government plays an important and active role in the reconstruction and renovation of old buildings for elderly.

In Denmark the old housing stock is being reconstructed (urban renewal) to replace expensive existing (semi-)residential services like old age homes and service flats. Town flats are adjusted or newly built for elderly with minor and major disabilities. Individual care service can also be provided to elderly in need. Furthermore, the housing and service functions of the existing old age homes are going to be separated in the near future (1990-2010).

In France the old structures of public services (e.g., elderly dwellings) are being modernized and improved to ameliorate the living and care conditions. Several forms of collective housing have been created and promoted by the government (e.g., residences for demented

elderly (Cantou), residences for physical or psychological handicaps (Mapad), and residences in rural areas (Marpa(d)). Besides, some hotels, residences and family pensions are transformed into residences for the elderly to provide permanent care. The mentioned development in both countries are aimed at enabling the elderly to live as long as possible in their own homes.

Improvements of housing conditions in The Netherlands and Greece are also geared to elderly persons to remain independently. The latter goal is caused in part by the critical attitude of the elderly towards formal services, especially the residential services (in The Netherlands) and the "open-protection" of the elderly (i.e., no isolation of elderly) making people more reliable with participation of services (in Greece).

5.2 Complementary care

The policy principle of not or de-institutionalizing elderly people requires complementary care services to meet the needs of these semi-independent elderly (e.g., in Denmark, France, Ireland, Luxembourg, Portugal and Spain). These services will be mainly community, informational, coordination and informal services.

Examples are the establishment of community nursing units or service buses in Ireland, which promote independent living for the residents, meals on wheels in among others Luxembourg, or 24 hour home help services and 24 hour district nursing in Denmark. Another example is day centres (e.g., in France, Luxembourg and Portugal) as intermediate structures between independent life and institutional care. These centres provide the possibility to maintain the social relations of the elderly and services for old people who cannot stay at home alone and who need too much care to be assisted by home help services.

Due to de-institutionalizing the informal network (e.g., in Greece, Ireland and The Netherlands) is gaining importance, at least in the form of organized social contacts, as is the case in Denmark.

5.3 Community and informal services

Community and informal services for the aged are pressed by budgetary problems because they tend to be seen as cheaper than elderly residential institutions. In West-Germany, Greece, Ireland, Italy and the United Kingdom e.g., placement of elderly people with relative or non-relative persons willing to care for them ("boarding-out") instead of stationary treatment by conventional, intramural housing services is initiated. An experimental project in the community of Milano aims to shelter elderly by relatives or neighbours instead of asking institutionalization (like old age homes) thereby maintaining the elderly as long as possible in their own social environments.

Likewise, the establishment of the Greek centres for the open protection of the elderly (KAPI), being less expensive than new residential services, are offering community services at a decentralized and often informal basis, (but also in an institutionalized form, like district nursing, home help service, meal distribution, etc.). The policy problem posed by the Greek physical geography (i.e., unequal distribution and capacity of services) is solved through the local (i.e. decentralized) implementation of KAPI.

Other examples of local experiments of decentralized innovative service provision for the elderly can be found in the cities of Augsburg and Bremen. West Berlin has invented so called "social commissions" in which members of these commissions are guardians for the elderly and arrange contacts to institutions offering care for the elderly. Another innovative response to the desired substitution effect is the creation of support groups for carers (e.g., in Belgium, The Netherlands and the UK).

Thus, high costs of residential services, especially of intramural care, have caused many EC countries to shift towards new ambulatory and non-ambulatoury community services, stimulated by the governments or by private initiatives.

Spain even has day centers which are not only attended by old people, but serve also to the promote of the integration of elderly in their local environments. Day centers in hospitals and in old age homes (e.g., in Belgium) are set up to provide day care for the

elderly or to offer the family relief during the day, instead of a permanent stay in hospitals. Additionally, experiments of short-stays in old age homes in Belgium aim to relieve the informal or principal carers. Another interesting innovation, created in Belgium and the United Kingdom, is the provision of 'sitting services', especially at night to assist principal carers.

In Ireland, the provision of diagnosis, treatment and rehabilitation of elderly patients without an overnight stay is possible by new day hospitals for the elderly.

Hospital care at home or home-nursing for seriously disabled elderly patients, post-operative patients and the acutely and sub-acutely ill elderly patients, developed in France, The Netherlands and the United Kingdom, shows significant benefits, like less costs, a shorter period of convalescence and a more rapid recovery at home.

Also institutional changes concerning intramural innovations in the provision of services for the elderly can be noticed. For instance, communities for the elderly with a professional home helper living inside or close by the household in West-Germany. In Ireland community lodgings are set up for those elderly for whom ordinary private accomodation was no longer suitable or available. Furthermore, dependances of nursing homes are established in The Netherlands.

### 5.4 Other changes

Several institutional changes are coping with the mentioned insufficient cooperation and integration between services (e.g., in Belgium, Ireland and The Netherlands). This can be noticed between formal services, but also between the formal and the informal sector. Ireland, for instance, has introduced an innovative approach associated with the day hospital provision for the elderly in the form of a mobile day hospital, serving the elderly outside the environment of the capital city. A large touring coach has been converted to a day hospital providing accomodation for elderly persons, medical nursing and paramedical staff. The coach visits a number of health centres, cooperating closely with general practitioners and public health nurses. This innovation reduces the insufficient supply of Irish community services.

In many countries (e.g.. in Belgium, France, Luxembourg, Spain, The Netherlands and the United Kingdom) all kinds of alarm systems are created, like the Tele Alarm Care System (e.g., in Belgium and France), telephone circle (e.g., in Belgium and The Netherlands) etc.. They tend to ameliorate the coordination between issues the elderly and suppliers of services.

France has expressed concern for the coordination between home, community and residential care, similar to the "Senior Service" in Belgium, which gives information on existing services, legal and administrative regulation and related matters, such as transportation to and from specialized services.

In Belgium coordination between the various community services is stimulated by the establishment of coordination centres where general practitioners, home-nurses, home help assistants and social workers are cooperating to improve the quality of the services. Another form of a cooperation-initiative is the coordination between the geriatric ward in a general hospital, the general practitioner and the home care services. The main goal of such coordination is to reduce the costs of the home care services.

Innovative projects based on an intensive cooperation between different care services for the elderly in both Belgium (i.e., integrated elderly care in "Ten Kerselaere") and The Netherlands (i.e., demonstration projects) are initiated not only to attain tailored care for the elderly (and therefore abolish misallocation of elderly) but also to reduce costs. Coordination itself can result in the generation of innovative services, thereby improving the integration of new initiatives (e.g., in France).

## 6. Evaluation

Confronted with several frictions in the supply of services for the elderly in Europe, the public sector is becoming aware of the pressing demographic situation and is acting more alert. However, the current institutional changes or innovations (mainly implemented through policy measures or direct stimulation) do not sufficiently solve the existing problems in the care-service provision for the

elderly. In general, governments are seeking innovative provisions that guarantee a good service level for the elderly but at lower costs. Clearly, national governments have to cooperate with private enterprises to initiate such innovations. Experiments performed at the local level appear most suitable to meet the needs of the elderly. Of course, increasing financial (and organizational) means have to be provided by national governments. But given the simultaneous public budget shortages, budgetary planning on the macro-level should consider the generation of cost-cutting innovations. Hence politicians have to be conscious of and should call attention to issues concerning the innovation of existing services for the elderly instead of merely passing the facts. Also the European Commission can convincingly contribute to the innovation of services for the elderly, including the stimulation of conditional institutional changes and of research on the economics of services for the European aged.

In some countries (e.g., Denmark, Greece and The Netherlands) the policy interest in the elderly issue and the related level of services is considerably ahead of the development and implementation of services for the elderly in the other EC countries. In order to further enrich the European domain of public services planning for the aged, various approaches to innovation can be taken. Based on Schumpeter and Von Hippel we formulate two simple yet easily overlooked guidelines for public policymakers who are faced with the unprecedented increase in the volume of need for services for aged, in order for the needed innovations in the European provisions of services to take place and be successful:

1) Find out, continuously, what all constituents directly involved in elderly care precisely want, especially those who will or would use services themselves (Von Hippel, 1990), and
2) Do not hesitate to replace existing services or administrative/ institutional mechanisms that seem obsolete with others that have a better chance of invigorating the problematic domain of services for the future European aged.

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